

Message Text

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ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 EB-03 SP-02 INR-05

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R 151245Z FEB 75

FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC 6945

CONFIDENTIAL SECTION 1 OF 3 KINGSTON 637/1

LIMDIS

EO 11652: GDS
TAGS PFOR, PINS, ECON, EINV, SNAR
SUBJECT: MEETING WITH FINANCE MINISTER COORE

I CALLED ON DEPUTY PRIME MINISTER AND MINISTER OF FINANCE DAVID COORE AT HIS HOUSE THE EVENING OF FEBRUARY 11 FOR A ONE HOUR TOUR D'HORIZON FOLLOWING HIS TRIP TO WASHINGTON FOR IMF AND IBRD BOARD MEETINGS. HIGHLIGHTS AS FOLLOWS:

1. WASHINGTON: COORE REGRETTED THAT HIS WASHINGTON VISIT HAD BEEN CUT SHORT AND HIS FREE TIME CURTAILED BY HAVING TO PRESIDE UNEXPECTEDLY AT A MEETING HIS LAST DAY SO THAT HE HAD BEEN UNABLE TO MAKE THE CALLS PREVIOUSLY ARRANGED WITH THE DEPARTMENT ON ASSISTANT SECRETARIES ROGERS, ENDERS AND OTHERS. HE FELT AMBASSADOR FLETCHER HAD ONE A FINE JOB AND WAS SORRY HE WAS LEAVING FOR PERSONAL REASONS AT A MOMENT WHEN HE HAD DEVELOPED A GOOD RAPPORT AND HIS SERVICES WERE NEEDED. I ASKED WHO WOULD REPLACE HIM, AND COORE SAID NO FINAL DECISION HAD BEEN MADE BUT THAT FORMER UN AMBASSADOR KEITH JOHNSON SEEMED LIKE A LOGICAL CHOICE. I REFERRED TO RUMORS ABOUT TONY HILL, AND HE AGREED THAT HILL, WHILE A MOSTPROMISING YOUNG MAN, DID NOT YET HAVE THE STROKE REQUIRED FOR SUCH AN IMPORTANT JOB.

2. WORLD ECONOMICS: COORE EXPRESSED SATISFACTION WITH
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THE PROGRESS MADE AT THE WASHINGTON MEETINGS AND SAID

HE WAS SURPRISED AT THE FLEXIBILITY WHICH HAD BEEN
DEMONSTRATED BY EXISTING INSTITUTIONS AND THE BANKING
SYSTEM IN GENERAL, IN HANDLING THE RECYCLING OF PETRO
DOLLARS. HE SOMEWHAT WRYLY SAID THIS WOULD BE COMPLICATED
IF THE ARABS PERSISTED IN THEIR EXPRESSED DESIRE TO
USE NON-JEWISH BANKS. HE AGREED THAT THE MAJOR PROBLEM
OF RECYCLING TO THE LDC'S HAD YET TO SOLVED AND THAT
JAMAICA WAS IN A PARTICULARLY DIFFICULT SITUATION IN
NOT MEETING LDC CRITERIA ON A PER CAPITA INCOME
BASIS EVEN IF BAUXITE-RELATED INCOME WERE ELIMINATED
FROM THE CALCULATION. HE SAID HE WAS WELL AWARE OF
THE PRIORITY NEEDS OF BANGLADESH AND OTHER PERENNIAL
DISASTER AREAS. HE THOUGHT 1975 WAS GOING TO BE A
HARD YEAR INDEED FOR THE WORLD, BUT WAS OPTIMISTIC
IF WE SURVIVED IT

3. JAMAICAN ECONOMICS: HE WAS IN THE PROCESS OF
PUTTING TOGETHER THE BUDGET, AND IT WAS PROVING A
DIFFICULT EXERCISE. HE RAISED SOME CONCERN ABOUT
THE IMMEDIATE FUTURE IN TERMS OF CURRENT ACCOUNT,
BALANCE OF PAYMENTS, AND JAMAICA'S EXCESSIVE DEPENDENCE
ON HIGH-COST SHORT AND MEDIUM TERM BORROWING. THE
MINISTER SAID THIS WAS THE PROBLEM WHICH ESPECIALLY
CONCERNED HIM AND THAT SOME SOURCE WOULD HAVE TO BE
FOUND OF FUNDS ON A MORE CONCESSIONAL BASIS THAN
COMMERCIAL RATES, ALTHOUGH HE NOTED WITH SATISFACTION
THAT INTEREST RATES WERE GOING DOWN SOMEWHAT. SOME
DIFFICULT DECISIONS WOULD HAVE TO BE MADE AFTER THE
BUDGET WAS FINALIZED. HE NOTED THAT JAMAICA HAD A
WINDFALL IN SUGAR(CENTRAL BANK ESTIMATES J DOLS 160-170
FOR 1975 VS J DOLS 68 FOR 1974) AND WAS PLEASED THAT
THERE HAD BEEN MAJOR SALES TO THE U.S. HOWEVER, THIS
WAS NOT A LONG TERM SITUATION, AND HE WONDERED WHETHER
U.S. WOULD BE CONSIDERING A NEW SUGAR ACT TO REGULARIZE
THE PRESENT MARKET. HE SAID HE HAD NO INFORMATION ON
THE INTRODUCTION OF ANY BILL BUT PERSONALLY THOUGHT
THERE SHOULD BE THE POSSIBILITY OF ONE IF FOR NO
OTHER REASON THAN TO ESTABLISH CANE VS BEET
PRODUCTION RATIOS. (NOTE: DEPARTMENT COMMENT
WOULD BE APPRECIATED.). GERARD
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FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC 6946

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LIMDIS

4. EDUCATION LOAN: COORE INQUIRED AS TO STATUS OF THIS LOAN (9.1 MIL DOLS). I TOLD HIM THAT THE DRAFT AGREEMENT HAD BEEN GIVEN TO THE MINISTRY OF EDUCATION AND THAT IT WAS MY UNDERSTANDING THAT COMMENTS OR APPROVAL WAS NOW REQUIRED FROM THE FINANCE MINISTRY. HE SAID HE WOULD LOOK INTO ITS CURRENT STATUS. AT THIS POINT, I TOLD THE MINISTER THAT QUITE FRANKLY MY OWN AND MY EMBASSY'S ABILITY TO BE HELPFUL TO JAMAICA IN MANY AREAAS, PURELY APART FROM THIS LOAN, SUCH AS OPIC MATTERS, REQUESTS FOR FINANCING FROM EXIMBANK, AIR JAMAICA'S CERTIFICATE AND ROUTES, ETC., HAD BEEN SEVERLY LIMITED BY UNCERTAINTIES SURROUNDING THE BAUXITE NEGOTIATIONS, AND CONCERNS WHICH WERE QUITE PROPERLY RAISED IN CONGRESS, AND MY OWN AND OTHER DEPARTMENTS OF THE USG, REGARDING JAMAICA'S ACTIONS AND INTENTIONS. THE MINISTER SAID HE UNDERSTOOD THIS AND THAT IT WAS A MJAOR REASON HIS GOVERNMENT WANTED TO CONCLUDE THE BAUXITE TALKS AS SOON AS POSSIBLE. HE FELT THAT JAMAICA AND THE U.S. HAD MANY AREAS OF COMMON INTEREST WHICH HAD BEEN NEGLECTED. I AGREED.

5. OPIC AND U.S. INVESTMENT: I MENTIONED IN THE ABOVE CONNECTION AS AN EXAMPLE, THE CURRENT APPLICATION OF L.JOSEPH AND COMPANY FOR 1.5 MILLION DOSL GUARANTEE ON A FEED PLANT, EXPTECTED, AMONG OTHER THINGS, TO STIMULATE THE GROWING OF SOYBEANS IN JAMAICA, A WORTHY

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OBJECTIVE. THE MINISTER SAID THAT HE HAD HAD CONVERSATIONS WITH OPIC PREVIOUSLY AND HAD NOT BEEN AWARE OF

ANY PROBLEM THEY MIGHT HAVE HAD IN PROVIDING INSURANCE FOR JAMAICAN PROJECTS. AS A MERE LAWYER, HE WAS NOT ESPECIALLY UP ON SOYBEANS IN JAMAICA TECHNICALLY, BUT THAT HE WAS AWARE OF THE PROJECT, THOUGHT IT A GOOD ONE, AND HOPED IT COULD GO FORWARD. HE SAID THAT JAMAICA WELCOMED AMERICAN INVESTMENT AND THAT THEY SHOULD NOT BE DETERRED BY WHAT I CHARACTERIZED AS AN EXCESSIVE AMOUNT OF ANTI-CAPITALISTIC RHETORIC RECENTLY WHICH MADE POTENTIAL INVESTORS NERVOUS AND HAD, IN FACT, FRIGHTENED AWAY A NUMBER OF LOCAL INVESTORS, MANY OF WHOM HAD EMIGRATED. HE HOPED THAT THEY WOULD COME AND TALK TO HIM OR THE PRIME MINISTER, WHO WOULD GIVE THEM ASSURANCES OF FAIR TREATMENT. IF THERE WERE EVER ANY NATIONALIZATION, HE SAID THAT JAMAICA INTENDED TO PAY A FAIR PRICE. NEW INVESTORS, HOWEVER, WERE EXPECTED TO MAKE "MODERN" DEALS INVOLVING HOST COUNTRY PARTICIPATION, UNLIKE THE ORIGINAL BAUXITE DEALS.

COORE FURTHER SAID THAT THREE YEARS HAD BEEN WASTED IN UNSATISFACTORY CONVERSATIONS WITH THE PILLSBURY COMPANY OVER EXPANSION OF VITALLY-NEEDED FLOUR MILL CAPACITY AND THAT THIS COMPANY HAD BEEN EXTREMELY UNFLEXIBLE AND INTRACTABLE

6. NARCOTICS: THE MINISTER SAID THAT HE HAD BEEN MOST PLEASED WITH THE COOPERATION BETWEEN US ON "OPERATION BUCCANEER" AND HOPED THAT IT COULD BE CONTINUED. I SAID THAT PLANS WERE NOW BEING MADE, THAT I WOULD BE SEEING MINISTER MATALON LATER IN THE WEEK, AND THAT IT APPEARED PROBABLY THAT OUR JOINT ACTIVITIES IN THIS AREA WOULD CONTINUE, THOUGH AT A CONSIDERABLY REDUCED LEVEL. HE SAID HE WAS CONCERNED AT THE POSSIBILITY THAT HARD DRUGS MIGHT BECOME A PROBLEM IN JAMAICA. HE ALSO FELT THAT CRIME IN GENERAL HAD INCREASED LATELY, THOUGH THIS WAS A CYCLIC MATTER AND THAT THE PRESENT HIGHLEVEL WOULD NOT CONTINUE.

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7. FARM LABOR PROGRAM AND VISAS: THE MINISTER EXPRESSED THE HOPE THAT THE WEST INDIES FARM LABOR PROGRAM WOULD BE CONTINUED AS IT WAS IMPORTANT FOR JAMAICA. HE WAS CONCERNED THAT IT MIGHT BE CURTAILED AS THE RESULT OF GROWING UNEMPLOYMENT IN THE U.S. I SAID THAT, WHILE THE PROGRAM HAD BEEN UNDER ATTACK FROM VARIOUS QUARTERS, ESPECIALLY THE FARM WORKER'S UNION, I WAS NOT AWARE OF ANY CONTEMPLATED CURTAILMENT SINCE THE TYPE OF LABOR PERFORMED WAS SOMEWHAT SPECIALIZED.

HOWEVER, THE POSSIBILITY COULD NOT BE EXCLUDED. I THEN SAID THAT THERE WAS INCREASING CONCERN IN THE U.S. OVER ILLEGAL IMMIGRANTS WHICH INCLUDED MANY FARM WORKERS, AND THAT THIS MIGHT CAUSE DIFFICULTIES FOR BOTH OF US. IN ANSWER TO HIS QUERY AS TO THE NUMBERS INVOLVED, I SAID THESE WERE DIFFICULT TO ESTIMATE, BUT THAT RECENT ARTICLES IN THE PRESS HAD SPOKEN OF AN ANNUAL INFLOW OF UP TO 2.4 MILLION (U.S. NEWS AND WORLD REPORT, FEBRUARY 3, 1975) AND THAT THE ILLEGAL JAMAICAN POPULATION HAD BEEN ESTIMATED AT BETWEEN 300 AND 500 THOUSAND. THE MINISTER WAS SURPRISED AT THESE FIGURES AND SAID HE COULD WELL UNDERSTAND THE PROBLEM. I ALSO TOLD HIM I THOUGHT IT MIGHT BE POSSIBLE THAT WE WOULD HAVE TO SCRUTINIZE MORE CAREFULLY NON-IMMIGRANT VISA APPLICATIONS. HE INDICATED THAT HE UNDERSTOOD THE NEED FOR THIS. GERARD

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FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 6947

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LIMDIS

8. ELECTIONS AND RELATED MATTERS: I ASKED THE MINISTER FOR ANY COMMENTS HE MIGHT WISH TO MAKE ON THE GENERAL COURSE OF THE GOVERNMENT, SAYING THAT, ALTHOUGH I HAD ONLY BEEN HERE NINE MONTHS, I HAD NOTICED AN INCREASINGLY STRIDENT INSISTENCE BY THE GOVERNMENT ON ITS OWN SPECIAL BRAND OF SOCIALISM AND THAT I DID NOT UNDERSTAND THE NECESSITY FOR THIS IN VIEW OF THE SEEMINGLY SECURE POSITION AND MAJORITY IT ENJOYED. COORE THEN EMBARKED ON A RATHER LENGTHY REVIEW OF THE PNP POSITION AS HE SAW IT, EXPLAINING

THAT WHILE HE THOUGHT THEY WERE INDEED SECUR*SIG*Z***3J**XI**P*****0*6*0***

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